INTERNAL AUDIT REPORT
AUDIT FINDINGS FOLLOW-UP
ANNUAL REPORT

February 11, 2003

Roanoke City School Board Audit Committee
Roanoke, Virginia

We have completed our findings follow-up audit for fiscal year 2003. This audit
was conducted in accordance with generally accepted government auditing
standards.

BACKGROUND

Generally accepted government auditing standards require auditors to follow-up
on all significant findings and recommendations to determine whether the areas
audited have taken timely and appropriate corrective actions. Continued
attention to significant findings and recommendations is necessary to ensure that
the organization realizes the full benefits of the audit process.

In order to effectively monitor progress on findings and recommendations, our
department maintains a database of audit findings included in our public reports.
Each year we print a report of all outstanding findings due to be implemented by
a specified target date in the current year. We notify departments when they are
due for follow-up and ask that they respond back to us about their progress
towards resolving their findings. Once the departments respond, we schedule
site visits so that we can observe any changes they have implemented and test
the effectiveness of those changes. Those findings that have been satisfactorily
addressed are marked as such in our database and require no future review.
Those findings that are not fully implemented are not marked in the database and
will continue to appear on future follow-up reports.

PURPOSE

The purpose of this audit is to determine the progress management has made in
implementing their planned actions to address outstanding audit findings.

SCOPE

We followed up on outstanding findings in Roanoke City Public Schools that were due to be addressed by September 30, 2002, with two notable exceptions. The Transportation department audit was reported in September 2002 and we decided that more time should be allowed to pass before following-up, even though management had targeted completing some changes before September 30, 2002. We also did not follow-up on findings in the Department of Human Resources due to the scope of the findings. We plan to audit the Department of Human Resource's progress in implementing recommendations from the independent review team commissioned by the Superintendent and reported in that team's report dated November 8, 2001.

METHODOLOGY

As described in the background above, we use a database to track the status of all reported audit findings. We perform limited observation and test work to determine the effectiveness of actions taken by management in response to audit findings. We review any on-going concerns with management, revise implementation plans and dates as needed, and prepare a written report.

RESULTS

There were 14 audit findings primarily involving three departments that were due to be addressed by September 30, 2002. We noted that 13 of the 14 findings have been satisfactorily addressed, as described below.

Student Information Systems (Pentamation):

- The Office of Technology is performing audits of school records at all of the schools. At each school, the staff person from Technology randomly pulls student emergency cards and compares the demographic information listed on the card with the information in the Pentamation system. Technology also randomly pulls grade changes listed on the teacher verification sheets and compares them to the grades listed on the Pentamation system to ensure grade changes are accurately entered into the system. School site personnel have been encouraged to run attendance reports, so the school sites can be in compliance with withdrawing pupils that have been absent for fifteen consecutive days or more.

- The Office of Technology has reduced the number of users in Pentamation with Database Administrator (DBA) rights from five to two. Technology has also reviewed and adjusted all users' access rights to ensure users only have access to the records of students' for whom they have responsibility.

- The Office of Technology has greatly improved its password change process. Technology can now change a user's password without having to go to the user's location to reinstall the GSMS software.

- The Office of Technology has adopted a formal process to add and remove employees from the Pentamation system. Technology reviews the Monthly Personnel List to identify users who may have terminated employment or changed jobs within the school system, requiring a change in pentamation access rights.

- The Office of Technology has created a Pentamation User agreement that specifies the user's rights and responsibilities relative to the student information system.

- The Office of Technology has activated the firewall and server logs that record system access activity and is periodically reviewing the logs for suspicious activity.

Payroll Time and Attendance:

- Business Services has paid down compensatory time balances to a level that complies with school policies and the Fair Labor Standards Act. Business Services now records compensatory time earned and taken on the payroll system, providing better records for monitoring accumulated compensatory time.

- Business Services revised School Board Policy # GDN, "Support Staff Overtime and Compensatory Time", to be consistent with related provisions of the Fair Labor Standards Act. The revision was provided to the School Board Attorney in July 2002 and is expected to be ready for School Board consideration in February 2003.

- Business Services has issued a number of memorandum to school administrators, principals, and managers that reiterate the procedures for requesting, approving, and processing leave time, overtime and compensatory time, and extra duty pay. Business Services has also revised forms for vacation requests, canceling / amending vacation, and certifying absences. These revisions have been incorporated into Business Service's "Operations Manual". Principals now review the substitute teacher service reports to verify that corresponding leave is charged to the staff members for whom substitutes were engaged.

We determined that one outstanding audit finding in the Building Maintenance area that was due to be addressed by September 30, 2002, still had significant issues that were un-addressed.

<u>Audit Finding – Building Maintenance (Audit Report: 08/14/01):</u>
Labor utilized on jobs was not accurately recorded on work orders and completed work orders were not consistently input into the work order system (Service Call). The incompleteness of the data in the work order system rendered the system ineffective as a tool for managing maintenance.

<u>Status at Follow-up – Building Maintenance:</u>
Building Maintenance created a position to maintain the data in the Service Call system. The department never fully developed and implemented the procedures for preparing and submitting work orders, or for using the work order system to manage the maintenance function. The staff also encountered periodic system failures that hampered their efforts to maintain complete data on the Service Call system. Building Maintenance recently decided to delete the historical data in the Service Call system, reconfigure the system, and to begin utilizing the system as planned in 2001. Building Maintenance is currently developing new procedures for processing and managing maintenance work.

We want to thank Roanoke City Public School employees and managers for their cooperation and assistance in completing the follow-up audit.

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